

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 FRB-03 L-02 TRSE-00 OMB-01

CIEP-01 AID-05 CIAE-00 COME-00 INR-07 NSAE-00 XMB-02

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R 041705Z MAR 75

FM AMEMBASSY ROME

TO SECSTATE WASHDC 9855

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E.O. 11652: N/A

TAGS: EFIN, IT

SUBJECT: FEDERAL RESERVE PROPOSALS ON BANKING REGULATIONS

REF: STATE 035382

1. EMBASSY CONTACTED DR. GIULIANO MONTERASTELLI, HEAD OF GENERAL AFFAIRS OFFICE OF BANKING SUPERVISORY SECTION OF BANK OF ITALY, FEBRUARY 21 TO ASK ABOUT BANK OF ITALY'S VIEWS CONCERNING PROPOSED REGULATION OF FOREIGN BANKS IN UNITED STATES PER REFTTEL. (COPY OF PROPOSAL HAD PREVIOUSLY BEEN TRANSMITTED TO BANK LAST DECEMBER.) MONTERASTELLI SAID THAT, AS A RESULT OF PREVIOUS VISITS OF FRB OFFICIALS, BOTH BOI AND MAJOR ITALIAN BANKS WITH INTERESTS IN U.S. HAD EARLIER HAD OPPORTUNITY TO EXPRESS OPINIONS ABOUT FRB PROPOSAL. ITALIAN BANKS HAD BEEN PARTICULARLY INTERESTED IN INCLUSION OF "GRANDFATHER" CLAUSE IN NEW U.S. REGULATIONS AND WERE PLEASED TO FIND SUCH A CLAUSE IN FRB PROPOSAL. MONTERASTELLI MENTIONED THAT SOME BANKS SEEMED A LITTLE UNHAPPY WITH REQUIREMENT FOR MEMBERSHIP IN FEDERAL RESERVE SYSTEM AND ALSO WOULD HAVE PREFERRED NOT TO HAVE TO PAY FDIC INSURANCE SINCE ITALIAN BANKS IN U.S. ARE WHOLESALE BANKS AND DO NOT BELIEVE THAT THERE IS MUCH NEED FOR INSURANCE TO PROTECT DEPOSITORS.

2. MONTERASTELLI SAID THAT HE WOULD BE SEEING MR. FREDERICK
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DAHL OF FRB AT MEETING DURING WEEK FEBRUARY 24-28 AND WOULD

DISCUSS MATTER WITH HIM. ON MARCH 4 MONTERASTELLI CONFIRMED THAT HE HAD DISCUSSED THIS QUESTION WITH DAHL AND HE THOUGHT THAT NO FORMAL COMMENTS FROM BANK OF ITALY WERE REQUIRED SINCE BANK WAS REASONABLY WELL-SATISFIED WITH FRB PROPOSAL. MONTERASTELLI SAID THAT IF INDIVIDUAL BANKS SUBSEQUENTLY WISH TO MAKE COMMENTS HE COULD PASS THESE DIRECTLY TO DAHL AT FRB IN WASHINGTON.

3. COPY OF FRB PRESS RELEASE OF DECEMBER 3, 1974, WAS ALSO SENT TO TREASURY DIRECTOR GENERAL PALUMBO ON FEBRUARY 21, BUT PALUMBO DID NOT INDICATE THAT HE WISHED TO MAKE ANY COMMENTS ON PROPOSAL. VOLPE

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